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C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 000825

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TAGS: [PREL](#) [PGOV](#) [PTER](#) [MASS](#) [EAID](#) [PREF](#) [ASEC](#) [IN](#) [NP](#)

SUBJECT: NEPAL SITUATION "WORST CASE SCENARIO" FOR INDIA

REF: A. NEW DELHI 792

[1](#)B. AMCONSUL CALCUTTA E-MAILS

Classified By: DCM Robert O. Blake, Jr. for Reasons 1.4 (B, D)

[1](#)1. (C) Summary: King Gyanendra's decision to dissolve the government is a "worst case scenario," driving the Maoists and the political parties together, undermining the monarchy, and muzzling politicians rather than the Maoists, MEA Joint Secretary (Nepal and Bhutan) Ranjit Rae told PolCouns and

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Poloffs on February 2. India remains concerned about the situation there, including reports that political leaders outside Kathmandu are being arrested and detained, that the army had assumed responsibility for the security of government leaders, and that Nepalese were fleeing across the border into India. Rae was pleased with US and Indian cooperation thus far and said India was still considering whether to dispatch a special envoy to the King who would threaten, among other things, to curtail military assistance to Nepal. He repeatedly asked about section 508 of the Foreign Appropriations Act, and whether it would apply in this case. Rae said he was unsure of the Chinese role in the developments in Nepal. The local press and non-government contacts generally praised India's tough stance, but argued that the US and New Delhi should have taken a firmer line with the Palace at an earlier date. See action request paragraph 8. End Summary.

The Worst Case Scenario

[1](#)2. (C) Describing the King's actions as the "worst case scenario," Joint Secretary Ranjit Rae told PolCouns that Gyanendra may have undermined not only multiparty democracy but the monarchy itself. He worried that the political parties and the Maoists would now unite against the Palace, a move Rae observed was already beginning. Calling the implications "pretty serious," he hoped the King had not made a "terrible misjudgment," seeking to curtail the Maoists but only muzzling the political parties.

[1](#)3. (C) Citing "worrying" reports from the Indian Embassy in Nepal, Rae said that the army was not only arresting political leaders in Kathmandu but was also detaining politicians in the Terai, Jhapa, and other areas. Some of these detainees may have been relocated. He reported that the army had assumed responsibility for protection of political leaders, a function once reserved for the police.

[1](#)4. (C) In a private conversation on February 1, Foreign Secretary Saran expressed concerns to the DCM regarding

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reports that many Nepalese, including politicians, had been crossing the border into India. AmConsul Calcutta followed up with contacts near the Bihar border who noted that although border security had been stepped up in recent weeks because of increased Maoist activity and the February 3 State Assembly elections in Bihar, the communication shutdown and generally porous border made it difficult to determine how many Nepalese had fled to India.

US-India Cooperation

[1](#)5. (C) Rae expressed satisfaction with the convergence of the US and Indian approaches to Nepal thus far, and requested that the two countries continue to cooperate. Rae told PolCouns that India was privately sending "very strong" messages to the King, and was considering appointing a Special Representative for this purpose. He hoped that the upcoming phone call between NSA Hadley and his Indian counterpart would produce a consensus on additional sources of leverage to use vis-a-vis the Palace, and noted that India was might curtail its considerable assistance to the Royal Nepal Army (RNA), but had not yet reached a decision on the matter. Rae asked repeatedly about Section 508 of the Foreign Appropriations Act (an issue we had not raised in discussions with the GOI) and whether it would apply in this case. PolCouns responded that we had not yet received guidance on this topic, but that we would get back to him.

The Role of China

16. (C) Asked about the role of China, Rae stated that he did not "know what to make of the Chinese statement" in which the PRC called developments in Nepal an internal matter. In an article in "The Pioneer" Retired Major General Ashok Mehta speculated that the King may be "trying to play the China card." Specifically, this theory holds that the King is counting on unstinting support from Beijing to ride out pressure from Delhi, Washington, and London.

US and India Should Have Done More

17. (C) Foreign policy commentators, retired diplomats, and academics with no knowledge of our private diplomacy, continue to weigh in on the situation in Nepal, arguing that India and the US should have taken a firmer stance against the Palace before the King acted. Former Ambassador to Nepal KV Rajan described the US and Indian statements as "a step in the right direction" and urged both countries to continue to call publicly for a restoration of democracy. He also underlined the need for greater track II dialogue, saying it's a little late for that, "but it would still be a good start." Foreign affairs strategist C Raja Mohan argued in "The Indian Express" that India would now need to match its strong words with purposeful actions, and observed that the King had gambled that India would reluctantly support the monarchy when faced with a choice between the Maoists and the Palace. General Ashok Mehta argued that the King's actions reflect his obsession with power, and said it was unlikely that that the King would ever restore democracy.

Action Request

18. (C) Given the MEA's interest in the outcome of deliberations on section 508 of the Foreign Appropriations Act, we would appreciate specific guidance on its non-applicability to the situation in Nepal.
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